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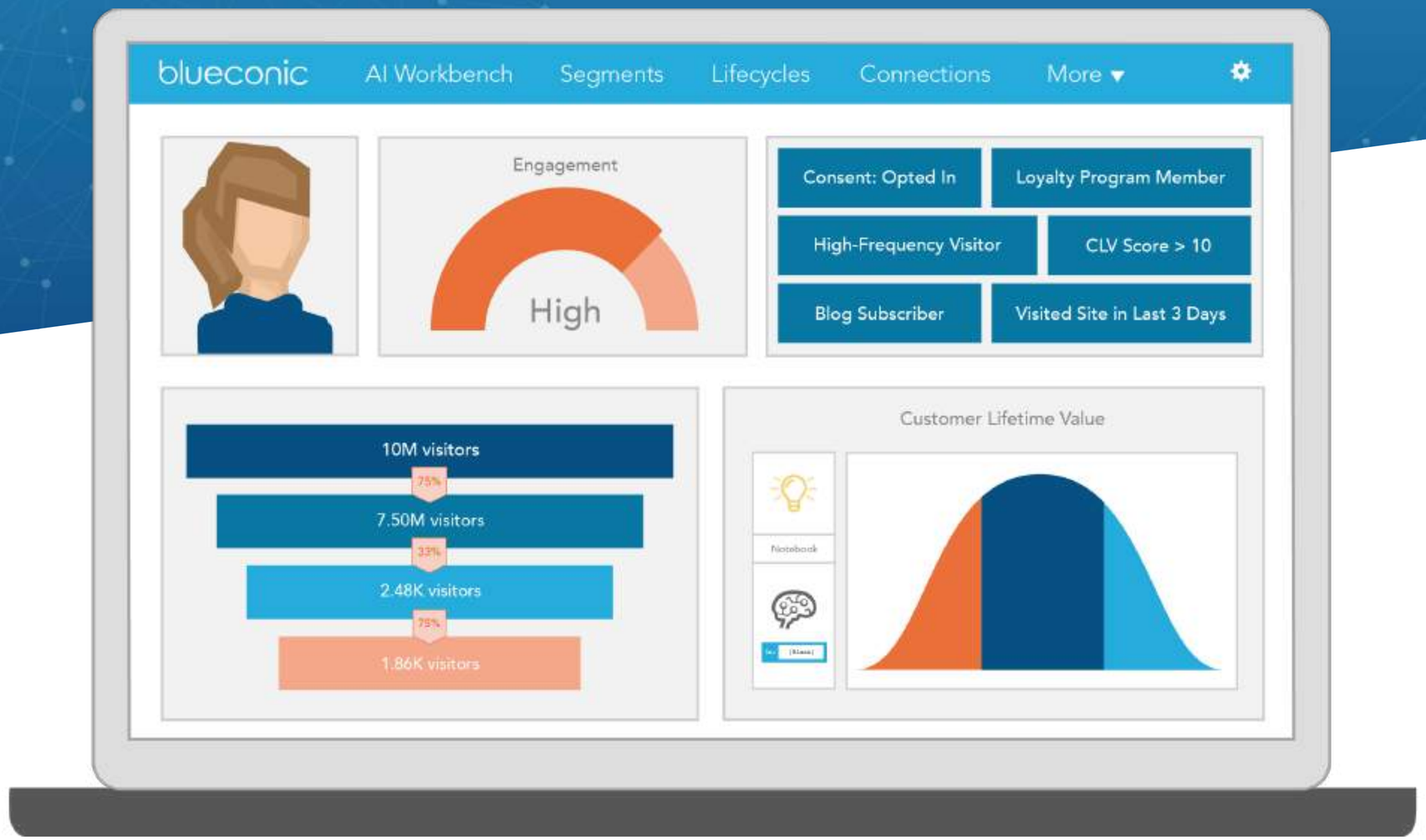
WHAT IS A CDP? AND WHAT *ISN'T* A CDP?

The Customer Data Platform, Explained



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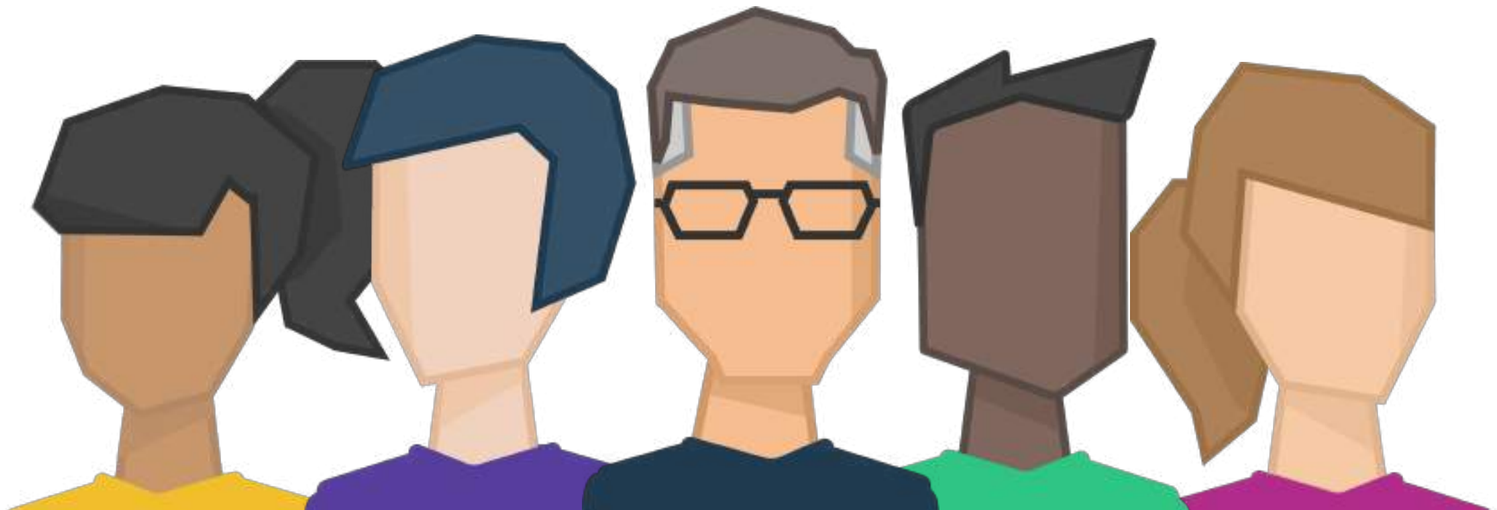

INTRODUCTION

The marketing technology (martech) landscape is increasingly difficult to navigate today. For starters, the number of tools available rises markedly each year. What's more, many legacy technologies are suddenly making new claims about what they are and what they do.

Few, if any, marketers and their adjacent teams in product, commerce, and analytics are eager to rely on a CRM system as their primary customer data source. But, given the sizable martech landscape, many business leaders would be hard-pressed to say what mix of technology can best enable marketing and other teams responsible for driving the growth of the company.

When it comes to their technology stacks, there is one long-standing challenge all companies face:

> ***Organizations have a lot of different tools that store data and recognize their customers and prospects in ways that are unique to each system. As such, they have an extremely difficult time stitching the data in those systems together to gain that elusive 'single customer view' for the business.***

In other words, companies need a solution that can liberate their first-party data and establish a single customer view to be used when and where their growth-focused teams need it — without having to rely on already overburdened IT teams or costly external agencies. **This is what the customer data platform (CDP) was designed to do.**

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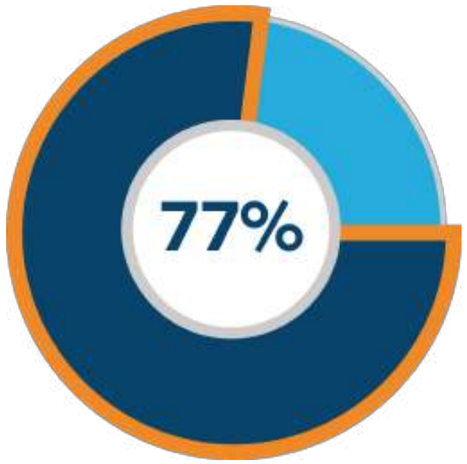

77% *of marketers said their primary reason for getting a CDP was to drive more customer engagement.*

— 2020 Advertiser Perceptions Report

79% *of companies expect to have a CDP deployed over the next three years.*

— 2020 Gartner Marketing Data Survey

58% *of companies with deployed CDPs said they were delivering significant value.*

— 2021 CDP Institute Member Survey

Despite the rise of the customer data platform in the martech arena over the past several years, many business leaders still find themselves asking questions about it:

> ***"How does a CDP differ from other existing marketing technologies?"***
>
> ***"What specific value does a CDP offer growth-focused teams like marketing, customer experience, commerce, and analytics?"***
>
> ***"Who, specifically, within the business should 'own' the CDP?"***

If you're still unsure as to what a customer data platform is, why it came into existence, and how the solution can help you advance your customer engagement efforts, this eBook is for you.

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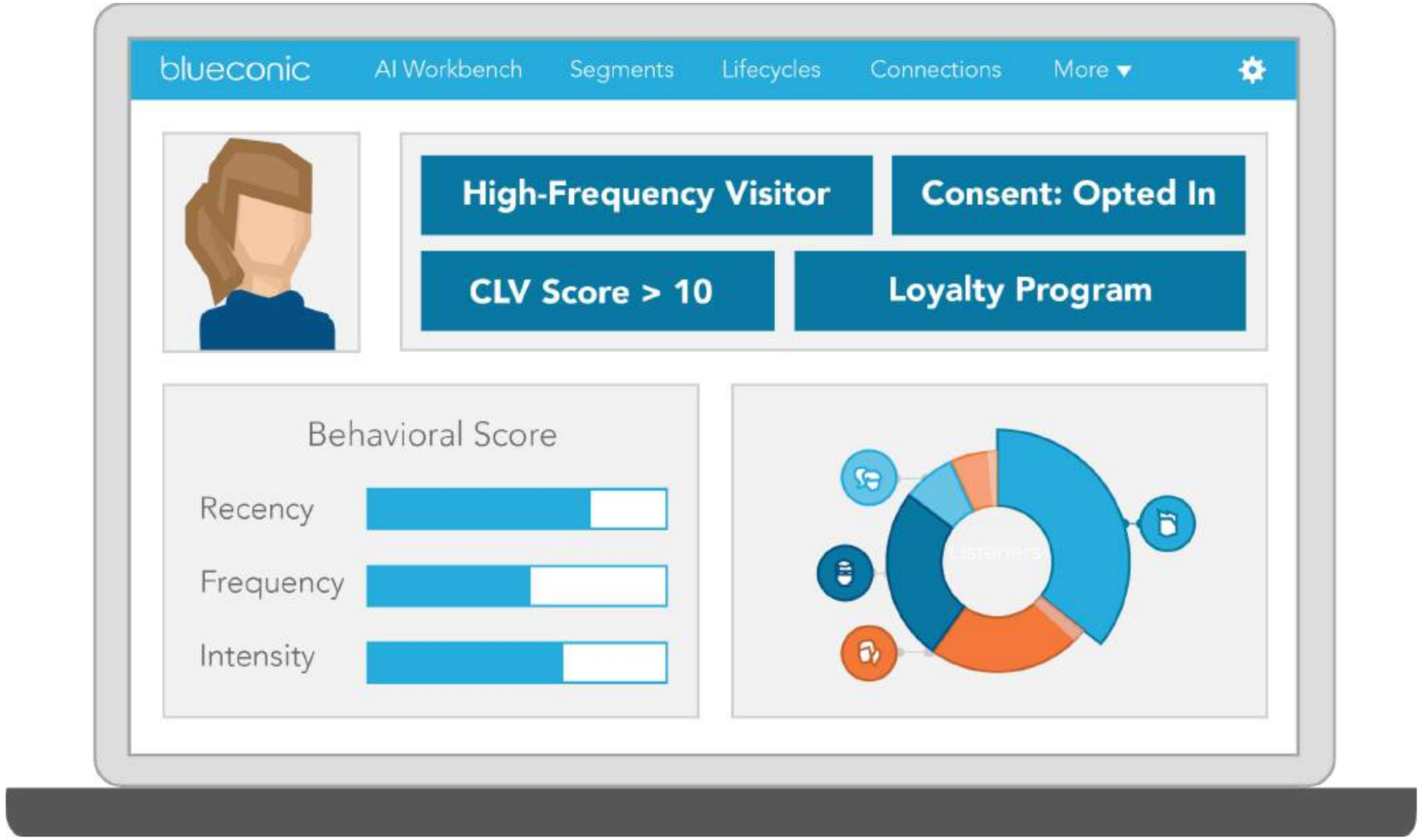
GETTING TO KNOW THE CUSTOMER DATA PLATFORM



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CUSTOMER DATA PLATFORMS, DEFINED

To start, let's get the bare-bones basics out of the way. Here's Gartner's CDP definition:

> ***"A marketing system that unifies a company's customer data from marketing and other channels to enable customer modeling and optimize the timing and targeting of messages and offers."***

Surely a succinct breakdown of the customer data platform, but nonetheless a fitting one.

Gartner Sr. Director Analyst Lizzy Foo Kune elaborated on this definition, noting real CDPs also "feature a marketer-friendly, web-based interface that enables data collection, profile unification, segmentation and activation."

Where the CDP really sets itself apart from seemingly similar technologies that have one or some of these features is in two key areas:

1. The ***complete*** single customer view it supplies organizations
2. A ***single*** user interface to utilize all the aforementioned platform features

Other systems — particularly marketing cloud suites — claim to provide the "360-degree" view of every person in one's martech ecosystem. But only the CDP offers a complete picture of prospects and customers — and in a single UI.

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PURE-PLAY CDP's CORE CAPABILITIES

As Gartner's definition implies, a CDP is *much* more than *just* a customer database. It's a built-for-purpose solution that gives growth-focused teams **access to unified and actionable customer data** that offers both confidence and utility whenever and wherever they need it. But not all CDPs are created equal. Some focus mostly (or solely) on unification but offer little value when it comes to utility and activation of the data. Others tout personalization offerings but lack the ability to truly unify customer data across channels and sources with the high degree of confidence necessary. **A true pure-play CDP will offer the following core capabilities:**

Unified, Persistent Customer Profiles

Your data points are translated into an attribute of an individual person that is persistently stored in a customer profile that updates dynamically.

Multi-Dimensional Segmentation

You can combine various customer attributes to build cross-channel segments or expand on out-of-the-box behavioral and predictive segments.

Customer Lifecycle Orchestration

You control how and where you activate your data so you can improve the outcomes of all your cross-channel customer lifecycle marketing programs.

Predictive Modeling and Analytics

You can run models that enable you to enrich your profiles with customer scores, build smarter segments, and create new data visualizations.

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3 TYPES OF CDP DATABASES

While all pure-play customer data platforms offer the aforementioned capabilities, what many business leaders and technology decision makers don't realize is **there are actually different *flavors* of pure-play CDPs** when it comes to their database architecture. And not all are optimal for every enterprise brand.

It is a customer data platform's underlying database structure that shapes the agility, scale, and scope of an organization's CDP initiative — in other words, in what ways growth teams can activate their profile data in support of their use cases via **multi-dimensional segmentation**, **customer life-cycle orchestration**, and **modeling and analytics**.

Customer data platforms with relational or event-stream databases are cost-prohibitive (in time and fees, respectively), when it comes to making adjustments and adopting additional use cases. Only a CDP with a profile database can flex in all the ways a modern enterprise needs it to.

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3 TYPES OF CDP DATABASES

RELATIONAL DATABASE CDP

Enforces the relationship(s) between objects, so once the data schema is implemented, business users must work within its restrictive structure.

Needs to pre-define relationship between unidentified site visitors and a campaign in order to store that anonymous user information.

EVENT-STREAM DATABASE CDP

Enables massive raw data collection into a big data structure, but forces business users to sort through data to determine what to map back to profile graph.

Most likely of these 3 database architectures to explode in size and cost to scale, making it difficult for business users to discern which data to use.

PROFILE DATABASE CDP

Stores unified profiles at individual level instead of a chaotic graph of deconstructed events or enforcing restrictive schemas.

Data-agnostic architecture provides high-volume storage and fast read-write speeds so data is always up-to-date, unified, and ready for activation and analysis.

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THE VALUE OF CDPs FOR GROWTH-FOCUSED TEAMS

The main reason behind the CDP's rise? The legacy tech marketing, customer experience, commerce, digital product, analytics, and other growth-focused teams use today — campaign management tools, journey orchestration tools, ESPs, CRMs, data lakes, etc. — lack access to unified and actionable first-party data. This puts them at the mercy of IT, data scientists, and agencies to dictate when, where, and how they can use their data. The unified, actionable data in a CDP, on the other hand, puts growth-focused business users in the driver's seat.

With access to data whenever and wherever they need it, growth teams can transform the way they operate and use data to drive business outcomes. Specifically, a CDP:

> ***Improves first-party data quality for business users***
>
> ***Mitigates end-to-end consumer data risk***
>
> ***Allows business teams to rely on fewer technical resources***
>
> ***Reduces the time & steps to get from customer insight to action***
>
> ***Makes testing smarter and more scalable***
>
> ***Enables timely & personalized cross-channel interactions***

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CDP SUCCESS STORY: HEINEKEN USA

"There is always so much changing with adtech. We started our data journey with a DMP, which worked for us at the time, but they're built on third-party cookies which we now know is a crumbling foundation. We're moving toward more persistent IDs to store data and where customers have an opt-in experience with an inherent value exchange as part of that."

— HEINEKEN USA's Director of Consumer Data Strategy Rebekah Kennedy

Learn How HEINEKEN USA Thrives with BlueConic's CDP [Video]

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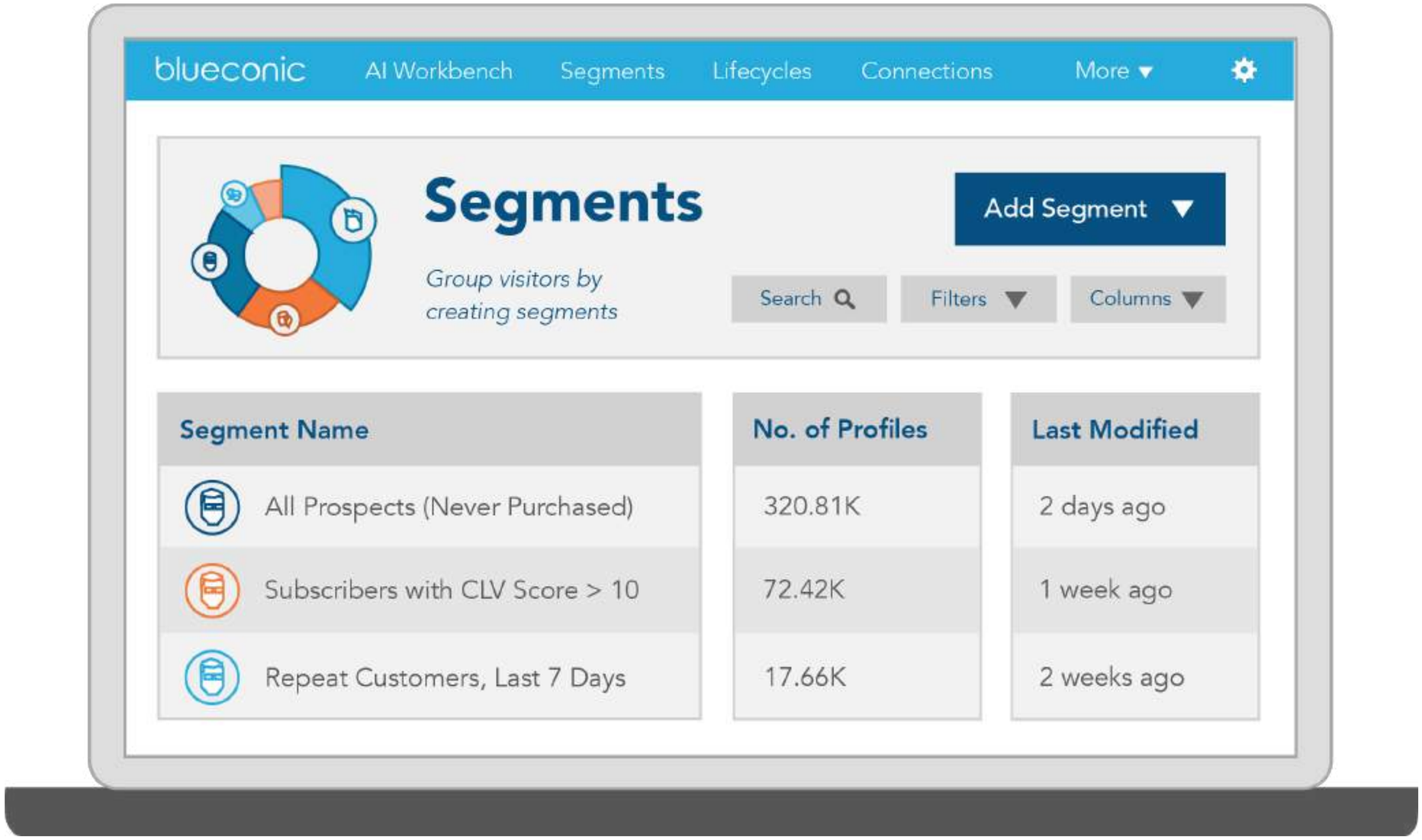
HOW THE CDP COMPARES WITH OTHER MARTECH



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THE STATE OF MARTECH BEFORE THE CDP

Prior to the CDP's ascent up the martech ladder, many big **companies have been (overly) reliant on marketing cloud suites**. Or, just as bad, they've constructed stacks featuring a mish-mosh of legacy martech tools that don't easily integrate with one another (or don't connect at all).

Simply put, it's now apparent these marketing cloud suites and 'frankenstacks' hold back business teams (e.g., **acquisition**, engagement, **retention**), deter business growth (e.g., **revenue**, **customer lifetime value**), and amplify inefficiencies across the entire organization (e.g., **siloed data**).

With the popularity of (and investment in) CDPs growing and showing no signs of slowing down, C-Suites at brands and publishers everywhere are evaluating their current technology stacks to determine how they can both incorporate a CDP and eliminate redundant or inadequate tools.

For many enterprise executives, this means addressing the elephant in the room: **how they can escape the long-term lock-ins for marketing cloud suites and pivot to best-of-breed technology stacks**.

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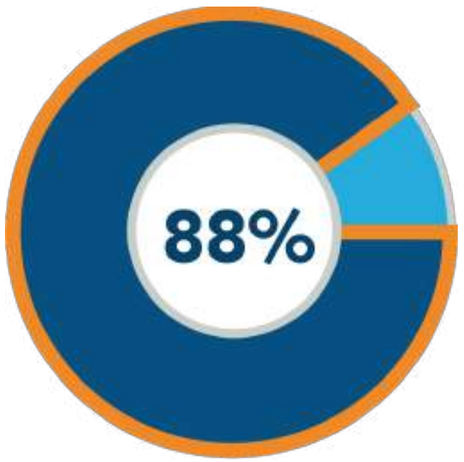
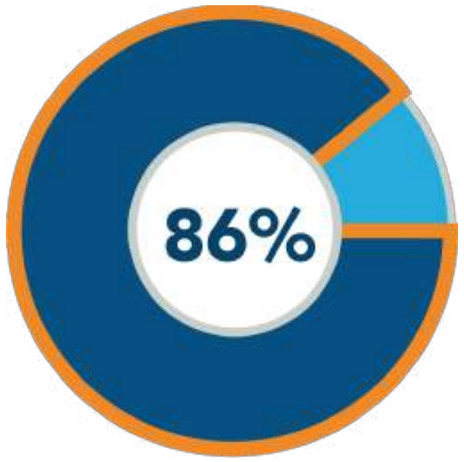
WHY THE CDP CAME INTO EXISTENCE

Facing deprecating third-party cookies and increasing consumer data privacy laws that eliminate or severely inhibit the use of third-party data, many enterprises are shifting to a first-party data strategy. **And the advantages of this switch are evident:**



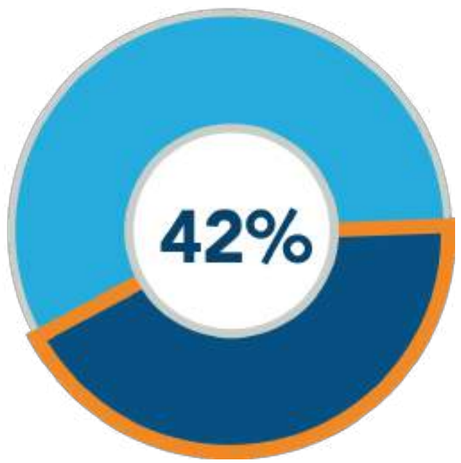
***88%** of marketing, analytics, & tech executives say collecting more first-party data is a high priority in the next 6-12 months.*

— 2021 Merkle Customer Engagement Report



***86%** of large companies agree that first-party data is most important to their addressable/ digital media strategy.*

— 2021 Nielsen Annual Marketing Report



***42%** of data leaders expect to increase spending on use of first-party data due to changes to third-party cookies & identifiers*

— 2021 IAB State of Data Report

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WHY THE CDP CAME INTO EXISTENCE

But this first-party data can't aid marketers in their daily activities — **customer analysis**, **personalization**, **targeted advertising**, and similar tactics and tasks — if it's not integrated into a single source of truth where it's constantly updated and available for activation as needed.

This is arguably the biggest reason why the customer data platform came to be.

In short, to develop successful and scalable strategies today, organizations need a system of record in which all first-party customer data can be **unified** (into persistent and accurate customer profiles) and then **activated** (across their entire martech ecosystem) with ease.

The CDP has become the optimal system of record growth-focused teams can leverage to liberate their data and orchestrate individualized experiences in every stage of the customer lifecycle.

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WHAT *ISN'T* A CUSTOMER DATA PLATFORM?

Here's how the CDP compares with other martech in terms of ***data integrity***, ***user control***, and ***accessibility***.

	CUSTOMER DATA PLATFORM	DATA MANAGEMENT PLATFORM	CUSTOMER RELATIONSHIP MANAGEMENT SOFTWARE	DATA WAREHOUSE	CAMPAIGN MANAGEMENT SOFTWARE	MARKETING CLOUD	MASTER DATA MANAGEMENT SOFTWARE	BUSINESS INTELLIGENCE & ANALYTICS TOOLS
DATA INTEGRITY	Person-level profiles based on all customer attributes and behaviors	Segment-level only based on de-identified audience data	Person-level customer records based on identifiable data only	Person-level customer records based on identifiable data only	Person-level records, identified based on identified email addresses only	Segment-level only, person-level customer records siloed in each application	Person-level profiles based on all customer attributes and behaviors	Segment-level only based on de-identified audience data
MARKETER CONTROL	Marketers have complete control over data access, and integrations with other tools	Marketers have complete control over data access, and integrations with other tools	Marketers have minimal access to data and no control over integrations with other tools	Marketers have no access to data and no control over integrations with other tools	Marketers have complete access to data and no control over integrations with other tools	Marketers have total control over data access but often lack control over integrations	Marketers have no access to data and no control over integrations with other tools	Marketers have some control over data access but often lack control over integrations
ACCESSIBILITY	Connects with tools that provides or accepts identifiable and/or de-identified data	Integration with external tools that provide or accept de-identified audience data only	Integration with external tools that provide or accept de-identified audience data only	Does not easily integrate with all external marketing platforms at all	Integration with external tools that provide or accept de-identified audience data only	Does not easily integrate with all external marketing platforms at all	Integration with external tools that provide or accept de-identified audience data only	Integration with external tools that provide or accept de-identified audience data only

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CDP SUCCESS STORY: DENNIS PUBLISHING

"No matter what your business objectives are, you need to understand your audiences and you need to be able to leverage that data to fulfill whatever your objectives are as a business."

— Dennis Publishing Chief Product & Data Officer Pete Wootton

Discover How Dennis Publishing Uses BlueConic to Unlock the Power of First-Party Data [Video]

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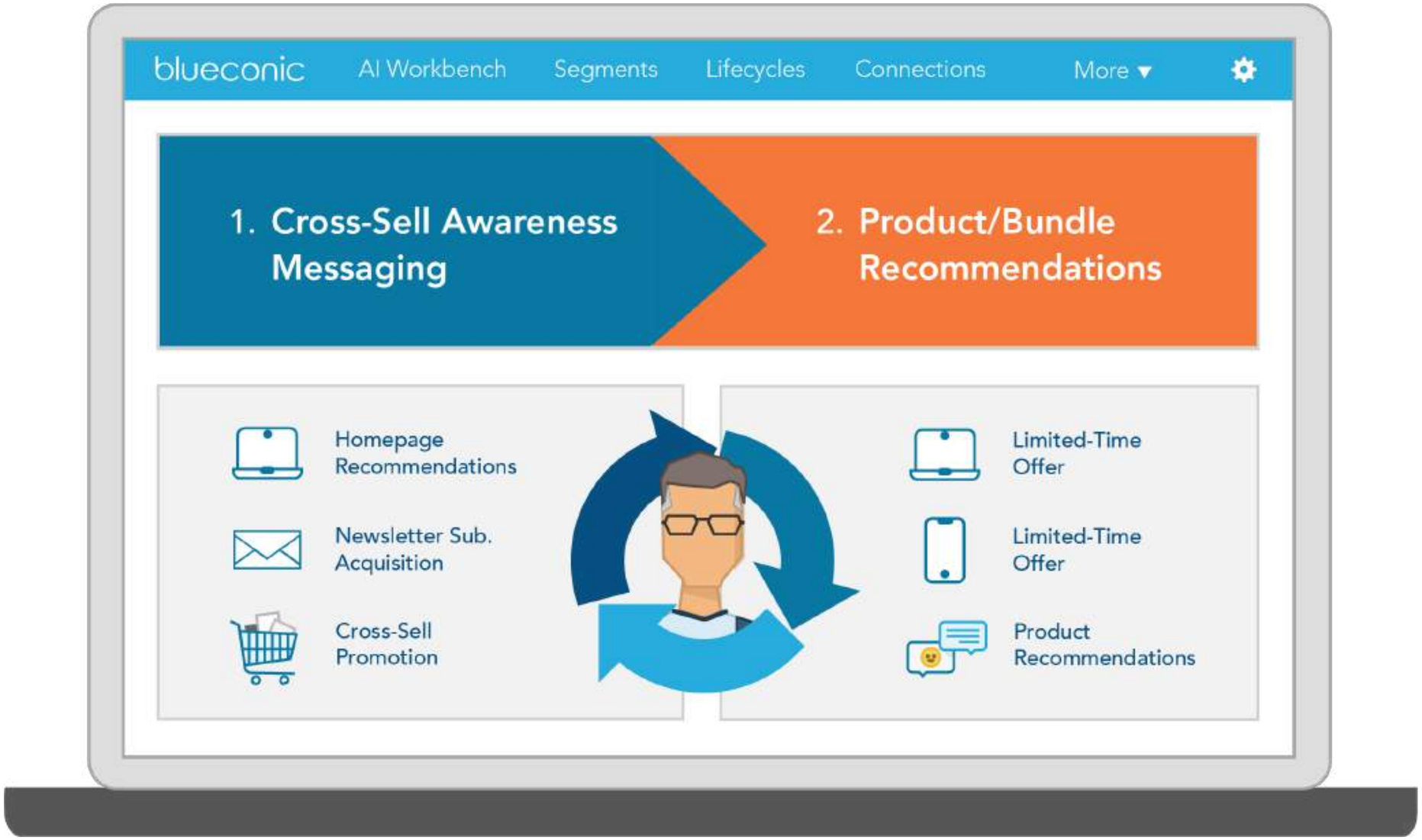
WHAT TO LOOK FOR IN A CDP



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PERSISTENT PROFILES, KNOWN & ANONYMOUS

A **unified profile for both known and anonymous customers** that persistently updates in real time, acts as the proxy for each individual, and is accessible to business technology users in marketing, ecommerce, analytics, etc. for activation when and where they need it across channels — all without violating individual privacy preferences in the process.

That's the dream functionality companies have long sought in their stacks. And it's now functionality they can fully take advantage of — **with the right customer data platform** in place. A CDP with an underlying profile database is the only one of the three mentioned that can offer such a view, due to its scalable architecture — the kind of architecture that CDPs with event-stream or relational databases don't offer.

With access to unified and persistent profiles, growth-focused teams can rest assured the data they activate is accurate because the profiles are normalized, resolves identities across systems and sources, and accounts for individuals' privacy preferences.

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SPEED PAIRED WITH UTILITY

Growth-focused teams want access to **unified profile data that updates in real time** because it needs to move as fast as their customers do – whether it's across hundreds of thousands or hundreds of millions of customer profiles.

However, unified profiles that update in real time isn't enough if they don't offer utility to business users. They also need to be able to do something with that data in real time.

A CDP should be designed for growth-focused users. That means it should have a point-and-click inter- face that makes it **easy for business users without technical skills or SQL knowledge** to activate the data in any number of ways.

The CDP user shouldn't need an IT or data science background to be able to build a multi-dimensional segment, run a predictive model to update customer scores (e.g. CLV, propensity to buy/churn), or control where and how the data is used by their tools to build segments, conduct modeling and analytics, or **orchestrate better cross-channel experiences**.

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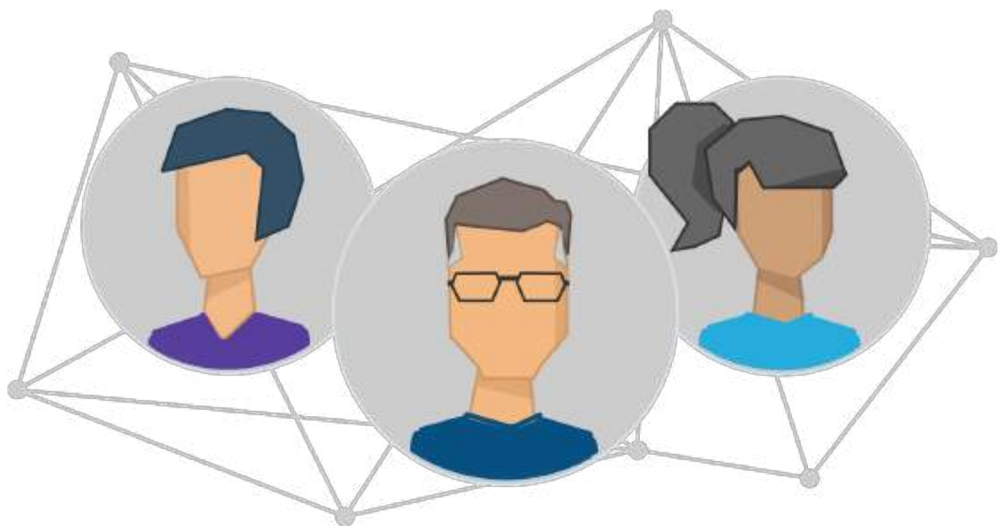
ABILITY TO FLEX AND ENHANCE AGILITY

All the features and functionality mentioned here add up to one major value proposition for brands and publishers: **far more business agility and flexibility**.

Simply put, businesses should look for a customer data platform that enables them to quickly and efficiently adjust their messaging and programs. Why? Because successful organizations require technology that helps them cope with customers' rapidly changing behaviors and interests and make important (and timely) business decisions based on that constantly updated data.

The days of having to *wait* days (or even weeks) to leverage your customer data are over. Now, your teams get instant access to first-party data in a single location with assurances the profiles and consent status for every person is up-to-date and precise. With a customer data platform at the heart of your martech stack, you have the 'glue' required to connect all your systems and ensure a steady, real-time flow of data into your CDP and back out to those tools as needed.



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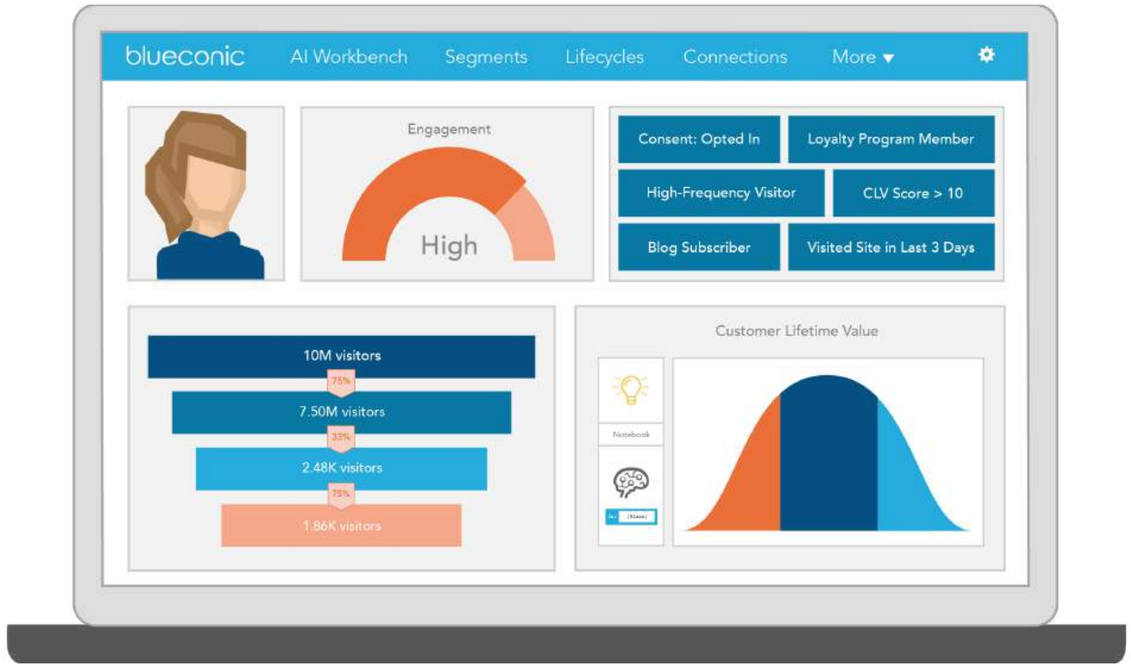
TAKE THE BLUECONIC TOUR

Let us show you **how to liberate your first-party customer data with BlueConic** so you can orchestrate individualized experiences in every stage of the customer lifecycle. **Request your free, no-obligation demo today.**



Schedule a Demo

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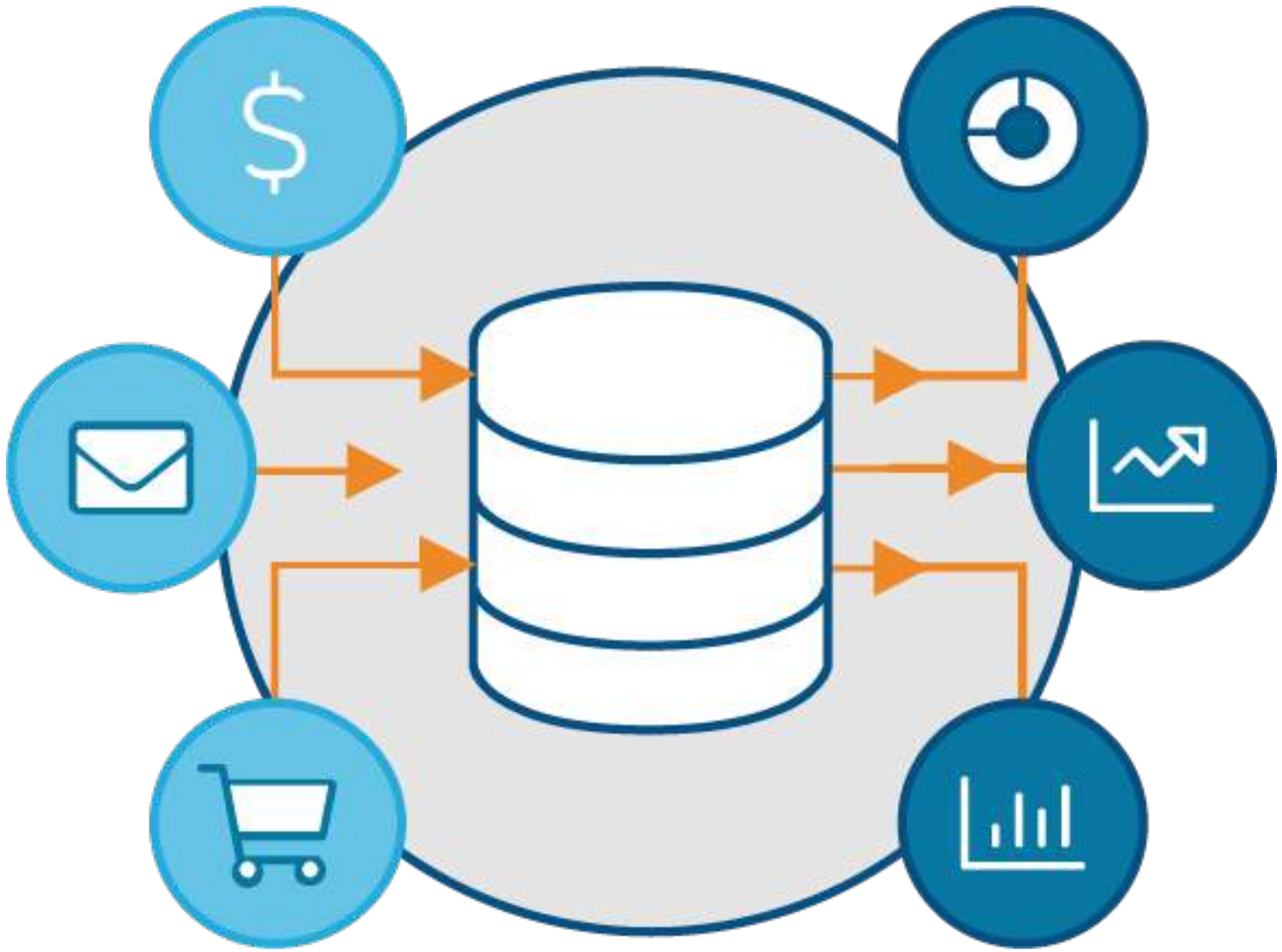
APPENDIX: CDP vs. OTHER MARKETING TECHNOLOGIES



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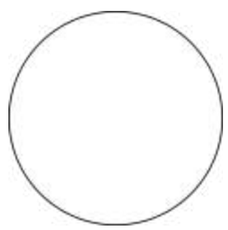
CDP VS. DATA MANAGEMENT PLATFORM (DMP)

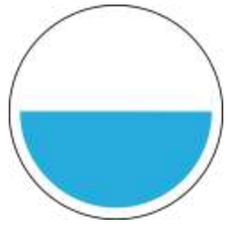
The data management platform (DMP) was explicitly designed to improve the quality of programmatic ad targeting. The DMP collects anonymous audience data from multiple sources, buckets that data into broad segments using algorithms and probabilistic methods, and passes those segments to programmatic buying platforms to inform ad targeting against high reach audiences. A DMP doesn't collect all the granular attributes and behaviors of an individual to build person-level profiles, nor can it keep personally identifiable data linked to behavioral data.

Instead, marketers can import third-party attributes from a DMP to enrich the person-level profiles stored in a CDP before activating personalized experiences across channels (e.g. email, website, mobile app, digital advertising), based on a combination of both first- and third-party data. Marketers can also export profiles stored in a CDP to their DMP to activate lookalike targeting based on the attributes and behaviors exhibited by audience segments built in a CDP.



Data Integrity

Business User Control



Accessibility

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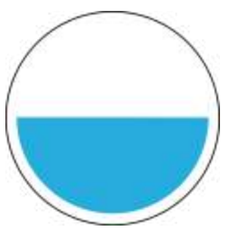
CDP VS. CRM SOFTWARE

Customer relationship management (CRM) systems are good for creating customer records for individuals who are already known to your brand and have entered your sales funnel. But the CRM neglects to account for all the unknown individuals who interact with your brand throughout the entire customer journey. A CRM system also requires data to be collected in a rigid structure, often with manual input.

Customer data platforms, meanwhile, were designed to enable marketing, CX, and customer support teams to manage the end-to-end customer experience, starting with the very first touchpoint a prospect experiences with the brand before they are identified.

Users can import attributes from their CRM system to enrich the person-level profiles stored in a CDP before activating personalized experiences across channels based on the rich collection of first-party data from both systems. They can then enrich CRM records with real-time behavioral and interest data to provide teams with a richer understanding of who each contact is and how they've engaged.



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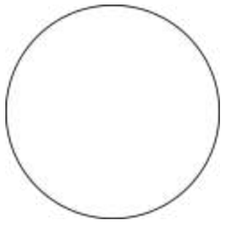

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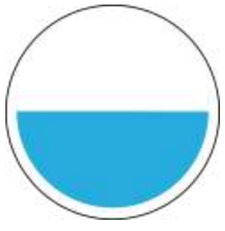

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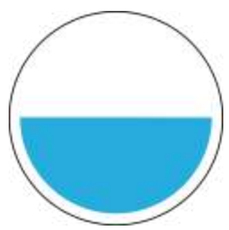
CDP VS. DATA WAREHOUSE

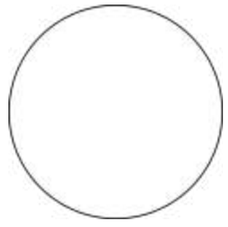
Data warehouses store large amounts of data and serve as a central repository of customer info coming from multiple data sources, including transactional systems and other relational databases. Unlike CDPs, data warehouses are not marketer-friendly because they require knowledge of SQL or another query language to access data. That's why data warehouses are typically controlled by IT.

Marketers and other growth-focused teams can liberate the data in a data warehouse to create valuable new experiences by importing customer data stored in the warehouse into a CDP. They can then enrich individual-level profiles stored in a CDP before activating real-time personalized experiences across channels based on data from both systems.

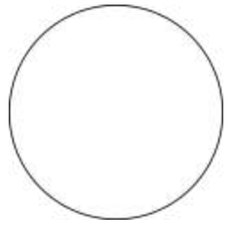
Moreover, teams can export the profiles collected in a CDP to a data warehouse to create a more robust view of enterprise performance. This accounts for customer engagement with marketing experiences, such as individual exposure and response to specific offers, promotions, campaigns, and other messaging.



Data Integrity



Business User Control



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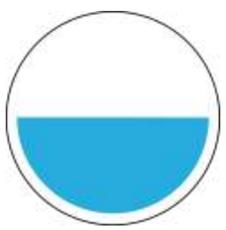
CDP VS. CAMPAIGN MANAGEMENT

Campaign management tools grew up in the outbound marketing world focused on "push" messaging to target audiences. Without a heavy-lift integration to ensure they work with other systems to achieve real-time, cross-channel personalization, campaign management tools use hard-coded marketer workflows focused on outbound channels. Instead, CDPs start from a unified profile, giving marketers flexibility to discover new, high-value segments first, then design campaigns and experiences around them that can be activated across all channels and platforms.

Marketers can import engagement data from a campaign management or marketing automation tool, such as email opens and clicks, to a CDP. They can then combine this data with attributes and behaviors collected from other channels and platforms to build or expand segments in the CDP based on a centralized view of all engagement. What's more, marketers can bolster personalization by exporting segments to all of their marketing channels to prioritize or suppress messaging no matter where each customer is on their unique journey.



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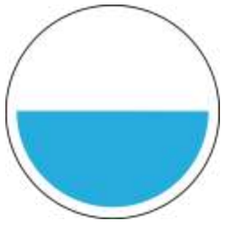

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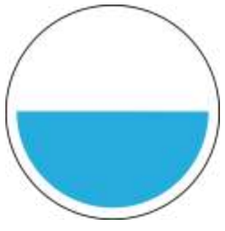

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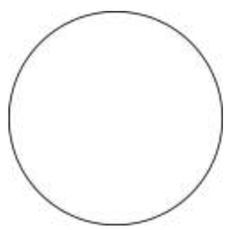
CDP VS. MARKETING CLOUD

Marketing clouds were built on the premise of being the 'one-stop shop' for companies who want to benefit from an integrated martech stack. But the clouds often force business teams to work within a walled garden, even if other solutions may be a stronger fit based on their unique business needs. A customer data platform, on the other hand, gives companies the flexibility to integrate their CDP with any external platforms and build their own martech stack with best-of-breed technologies, not a suite of tools.

Marketers and other growth-focused teams can import data from the data storage layer of the marketing cloud (e.g., CMS, DMP, CRM) to enrich the person-level profiles in their CDP and build rich audience segments. Then, they can export the profiles in a CDP to the customer-facing delivery layer of the marketing cloud. This enables them to deliver personalized experiences in real time across channels based on all of the granular attributes and behaviors of prospects and customers.



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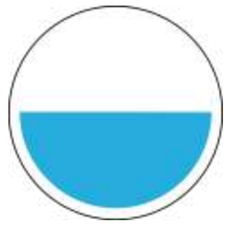

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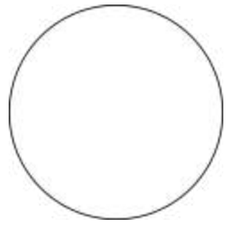

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CDP VS. MASTER DATA MANAGEMENT (MDM)

Master data management (MDM) software acts as a single source of truth for various types of business data, including customer data, much like the CDP. The difference is in the name. MDM solutions create a master (or "golden") record of customers and their various attributes: name, location, address, purchases, et cetera. But MDM systems are intended for use by various departments across the enterprise (oftentimes B2B companies), not specifically for business teams.

Growth-focused teams at large-scale businesses can certainly make use of MDM systems, given they integrate customer data across systems and provide a relatively comprehensive view of their activity and attributes. But the lack of activation and analysis functionality hinders their ability to extract much value from the customer view created by MDM solutions. The customer data platform, meanwhile, offers the true single customer view for the business *and* enables analytics and modeling, multi-dimensional segmentation, and customer lifecycle orchestration.

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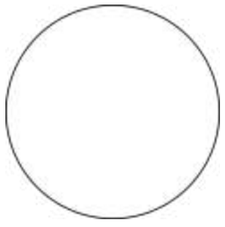

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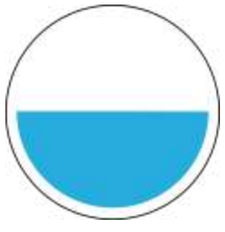

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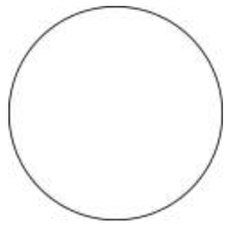
CDP VS. ANALYTICS & BI TOOLS

Analytics solutions (e.g., Google Analytics, Adobe Analytics) and business intelligence (BI) tools (e.g., Tableau, Microsoft Power BI) specialize in data visualization and discovery for everything from website engagement to campaign metrics. In short, these systems provide both decision makers and day-to-day business users an aggregate-level view of their data for known and anonymous customers related to interactions with their sites, apps, emails, and advertising.

Insights from these tools are typically provided in visually compelling graphs and charts to help marketers, customer experience, and other teams understand their data sets, including trends and patterns among target segments. However, only the CDP offers both insights dashboards that are capable of presenting the same data, due to direct connections with these tools, as well as the activation of said data — all from the same user interface.

While analytics platforms and BI tools offer efficient means for business users to examine their critical customer data, only the CDP enables them to activate it.



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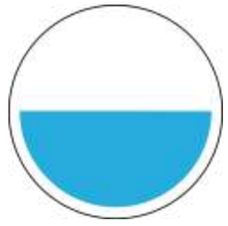

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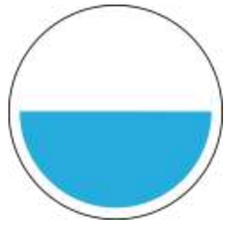

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ABOUT BLUECONIC

BlueConic, the leading pure-play customer data platform, liberates companies' first-party data from disparate systems and makes it accessible wherever and whenever it is required to transform customer relationships and drive business growth. Over 300 companies worldwide, including Hearst Newspapers, Heineken, ING, T-Mobile, and VF Corp, use BlueConic to unify data into persistent, individual-level profiles, and then activate it across customer touchpoints and systems in support of a wide range of growth-focused initiatives, including customer lifecycle orchestration, modeling and analytics, digital products and experiences, audience-based monetization, and more. BlueConic is a global company with offices in the US and Europe.

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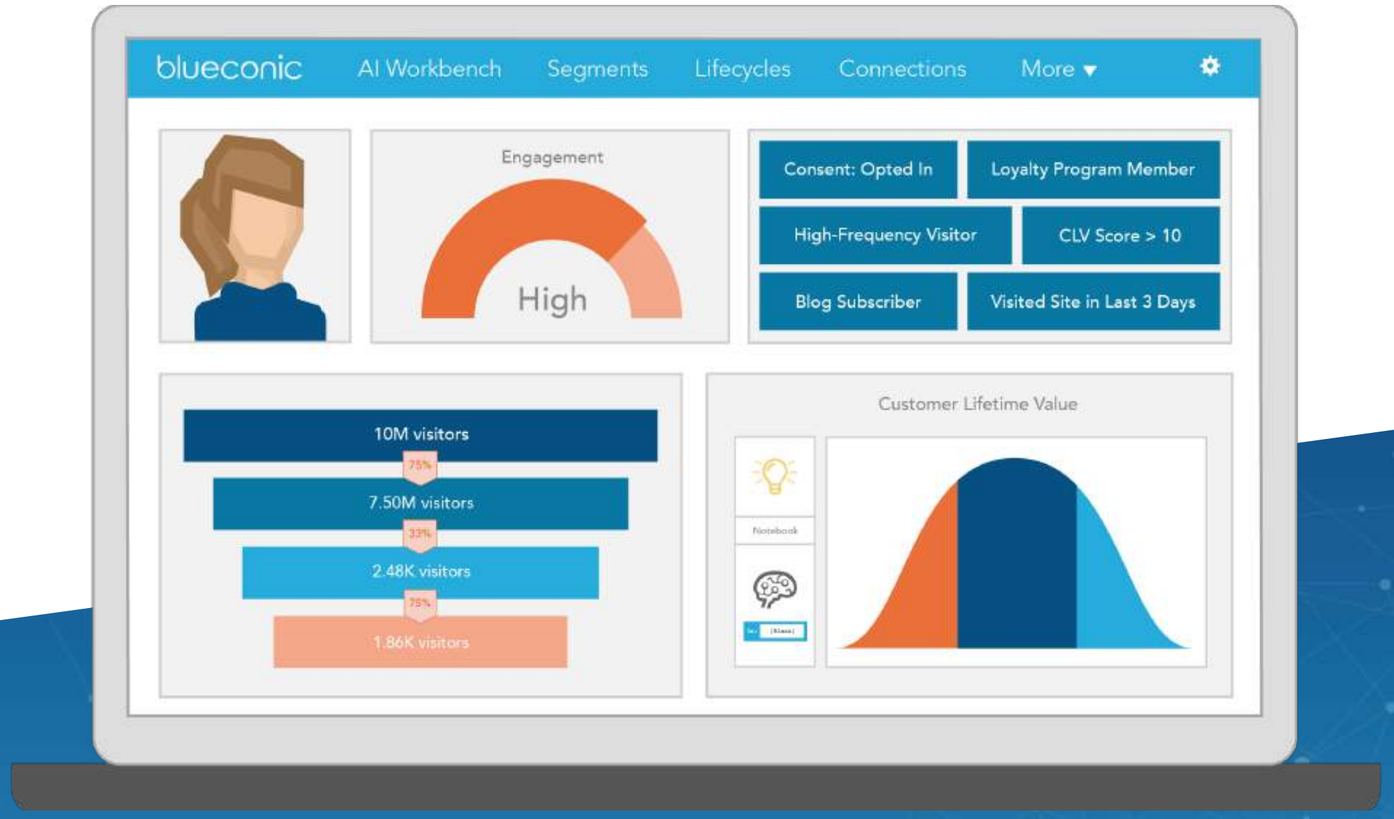

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